

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4597-01
Bill No.: SB 800
Subject: Campaign Finance; Elections; Ethics
Type: Original
Date: March 16, 2010

Bill Summary: Modifies ethics laws for public officials and lobbyists.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(\$47,880)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(\$47,880)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Missouri Ethics Commission (MEC)** assume the proposed legislation would prohibit a member of general assembly to accept lobbyist/lobbyist principal gifts, require lobbyists to file supplemental reports, oversee the return of any contributions over the limit when a candidate declares candidacy or position on a candidate or particular ballot measure, prohibit an individual from serving as treasurer or deputy of treasurer of more than one campaign finance committee concurrently; prohibit committee to committee transfers and implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

\$20,160 in expense an equipment to acquire contract services that would develop the electronic supplemental report, using the current lobbyist filing system, proposed in the legislation.

\$12,600 in expense and equipment to acquire contract services that would develop MEC search capabilities in locating treasurer/deputy treasurers with like names, who are serving in multiple committees, for oversight purposes, as established in 105.955.14, RSMo.

\$15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

Two Investigators to accommodate anticipated increase in enforcement duties, as established in current state statute, related to the new provisions.

Five Business Analysts to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business analysts would review the lobbyist supplemental reports, committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently the Commission receives approximately 15,800 lobbyist reports annually and 11,000 campaign finance reports annually.

Increases in investigations and oversight, beyond the Commission's current duties, would require the addition of one Investigator Supervisor and one Staff Attorney. Currently one supervisory staff oversees all investigations, filing of 11,000 campaign finance reports, 15,852 monthly lobbyist reports, 4,291 personal financial disclosure reports, registering 1,000 lobbyists,

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ASSUMPTION (continued)

education and outreach.

The Commission would anticipate that changes or additions to the proposed language set forth in this bill may require additional associated costs for FTE, equipment, and expenses.

Oversight assumes that under current law a lobbyist must report expenditures made to members of the general assembly. Since this bill prohibits members of the general assembly from receiving items from lobbyists, the amount of expenditures reported by lobbyist under this proposal may decrease. **Oversight** assumes this proposal should only effect the amount of data reported by lobbyists to the Commission and not the number of filings by lobbyists. Therefore, the Missouri Ethics Commission should be able to absorb the cost of this proposal. Should the number of lobbyist reports increase then the Missouri Ethics Commission could seek FTE changes through the appropriation process.

Oversight assumes the contribution limits go into effect on August 28, 2010.

In 2008, Senate Bill 1038 repealed campaign finance contribution limits in Missouri. At that time, the Missouri Ethics Commission did not reduce its number of FTE due to the cutback in the number of complaints and investigations caused by the campaign limits being repealed. Additionally, the Missouri Ethics Commission did not reduce its number of FTE because they were no longer required to monitor the amount of contributions received by a committee. Therefore, **Oversight** assumes the current FTE should be able to handle the increased number of complaints and investigations and the review of the campaign finance reports due to the limits being reimposed. **Oversight** assumes this proposal has no fiscal impact on the Missouri Ethics Commission.

Oversight assumes that because of the provisions of this statute dealing with the transfer of funds between committees and the significant penalty that can be assessed for the violation of the statutes, that committees will comply and no penalties will be assessed.

Officials at the **Office of the Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **Office of the State Courts Administrator** and the **Office of the State Public Defender** assume that there is no fiscal impact from this proposal.

Officials from the **Department of Corrections (DOC)** stated that they could not predict the

ASSUMPTION (continued)

number of new commitments which could result from the creation of the offense(s) outlined in the proposal. An increase in commitments would depend on the utilization of prosecutors and the actual sentences imposed by the courts. If additional persons were sentenced to the custody of the DOC due to the provisions of this legislation, the DOC would incur a corresponding increase in operational costs either through incarceration (FY 2009 average \$16.04 per inmate, per day or an annual cost of \$5,855) or through supervision provided by the Board of Probation and Parole (FY 2009 average \$3.71 per offender, per day or an annual cost of \$1,354).

The following factors contribute to DOC's minimal assumption:

- DOC assumes the narrow scope of the crime will not encompass a large number of offenders.
- The low felony status of the crime enhances the possibility of plea-bargaining or imposition of a probation sentence.
- The probability exists that offenders would be charged with a similar but more serious offense or that sentences may run concurrent to one another.

In summary, supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE			
<u>Cost - Missouri Ethics Commission</u>			
One-time computer upgrades	<u>(\$47,880)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$47,880)</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

State Representatives and Senators who contract with or solicit any other Representative or Senator for political fund raising, campaigning, or consulting shall be guilty of a Class D misdemeanor.

Elected officials and elected official's staff are barred from lobbying for 2 years from leaving office or employment. An exception is made for those lobbying solely for a governmental entity within the state.

Members of the General Assembly are barred from accepting meals, food, beverages, and other gifts from lobbyists but they may reimburse the lobbyist within 30 days of receiving knowledge of the indiscretion.

Lobbyists shall file supplemental reports documenting the name and address of each of their clients and the monetary value of all payments paid to the lobbyist. Lobbyists shall supply copies of all reports required by the ethics commission to each new client. Lobbyists shall notify clients when they enter a contract to represent a client with materially adverse interests.

Persons shall not act as treasurer or deputy treasurer for more than one committee at a time. Those found by the Ethics Commission to be doing so shall vacate all positions or be guilty of a Class A misdemeanor for failing to do so.

Committees are barred from transferring funds to another committee. Those that do so are subject to a surcharge of \$1,000 plus the amount of the transfer. Knowing and intentional transfers shall constitute a Class A misdemeanor and willful transfers undertaken with the intent to conceal their origin constitute a Class D felony. Continuing committees are allowed to transfer funds to a candidate committee.

The act imposes contribution limits for individuals and committees in support of candidates running for public office. Surcharges will be imposed upon committees that accept or give contributions exceeding the limits.

The limits are as follows for contributions made by or accepted from any person other than the candidate and all committees:

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FISCAL DESCRIPTION (continued)

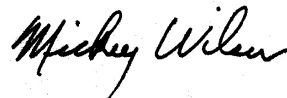
- \$1,275 for Governor, Lieutenant Governor, Secretary of State, Treasurer, Auditor, or Attorney General.
- \$650 for Senators.
- \$325 for Representatives.
- \$325 any other office, including judicial office if the population of the area is under 100,000.
- \$650 any other office, including judicial office if the population of the area is between 100,000 and 250,000.
- \$1,275 any other office, including judicial office if the population of the area is over 250,000.

Contributions received over allowable amounts shall be returned within 5 business days of the declaration of candidacy or position on a candidate or particular ballot measure.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Ethics Commission
Department of Corrections
Office of the Attorney General
Office of the State Courts Administrator
Office of the State Public Defender



Mickey Wilson, CPA
Director
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